

Myths and Facts About Flood Insurance

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Louisianans are strongly urged to take advantage of the National Flood Insurance Program (NFIP) since even though the hurricane season is coming to an end, the potential for flooding in the state remains. There normally arise many questions about the program. Here is some clarification:

MYTH: You can't buy flood insurance if you live in a high-flood-risk area.

FACT: You can buy federal flood insurance no matter where you live if your community participates in the NFIP, unless your property is in an area covered by the Coastal Barrier Resources Act of 1982. Under the National Flood Insurance Act, lenders must require borrowers whose property is located within a regulatory floodplain to purchase flood insurance as a condition to receive a federally regulated mortgage loan. Flood insurance on homes whose lowest floor is at or above the base flood elevation or located outside the mapped floodplain is less expensive; insurance for homes in the mapped floodplain may cost substantially more.

MYTH: You can't buy flood insurance immediately before or during a flood.

FACT: You can purchase flood coverage at any time. There is a 30-day waiting period after you've applied and paid the premium before the policy is effective, with the following exceptions:

- If the initial purchase of flood insurance relates to making, increasing, extending or renewing a mortgage, there is no waiting period. The coverage becomes effective at the time of the loan, provided application and the premium payment is made at or prior to loan closing.
- If the initial purchase of flood insurance is made during the one-year period following the adoption of a revised Flood Insurance Rate Map for a community, the waiting period is only one day.

The policy does not cover a "loss in progress," defined by the NFIP as a loss occurring as of 12:01 a.m. on the first day of the policy term. In addition, the amount of insurance coverage cannot be increased during a loss in progress.

MYTH: Homeowners' insurance policies cover flooding.

FACT: Not as a rule. Unfortunately, many homeowners do not realize until it is too late that their homeowners' policies do not cover flooding.



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MYTH: Flood insurance is available only for homeowners.

FACT: Flood insurance is available to protect homes, condominiums, apartments and nonresidential buildings, including commercial structures. A maximum of \$250,000 of building coverage is available for single-family residential buildings; \$250,000 per unit for multi-family residences. The limit for contents coverage on all residential buildings is \$100,000, which is also available to renters. Commercial structures can be insured up to \$500,000 for the building and \$500,000 for the contents.

MYTH: You can't buy flood insurance if your property has been flooded.

FACT: It doesn't matter how many times your home, apartment or business has been flooded. You are still eligible to purchase flood insurance provided that your community participates in the NFIP.

MYTH: Only residents of high-risk flood zones need to insure their property.

FACT: Even if you live in an area that is not flood-prone, it's advisable to have flood insurance. About 40% of the NFIP's claims come from moderate-to-low risk flood areas. The NFIP's preferred-risk policies are designed for residential properties located in moderate-to-low-risk flood zones and are very affordable.

MYTH: The NFIP does not offer any type of basement coverage.

FACT: Yes, it does, but coverage is limited. The NFIP defines a basement as any area of a building with a floor that is subgrade, or below the ground level, on all sides. Basement coverage under an NFIP policy includes cleanup expenses and items used to service the building such as elevators, furnaces, hot water heaters, washers and dryers, air conditioners, freezers, utility connections, circuit breaker boxes, pumps, and tanks used in solar energy systems. The policy does not cover the contents of a finished basement or improvements such as finished walls, floors and ceilings.

MYTH: Federal disaster assistance will pay for flood damage.

FACT: A federal disaster declaration must be declared before a community is eligible for federal disaster assistance. This happens in less than 50% of flooding incidents. The main form of federal assistance after a federally declared disaster is a loan. The average annual premium for an NFIP policy is less than the annual interest on most low-interest disaster loans. If you are uninsured and live in a high-risk flood zone and receive federal disaster assistance after a flood, you must purchase and keep flood insurance to receive certain types of disaster relief for future flood events.

MYTH: The NFIP encourages coastal development.

FACT: Wrong. One of the NFIP's primary objectives is to steer development away from high-flood-risk areas. Laws do not prohibit property owners from building along coastal areas, but they do transfer the financial risk of such building from federal taxpayers to those who choose to live or invest in these areas.

MYTH: Federal flood insurance can be purchased only directly through the NFIP.

FACT: Most federal flood insurance is sold and serviced directly by Write Your Own (WYO) companies, or private insurance agents. These companies write and service policies on a non-risk-bearing basis through a special arrangement with the Federal Insurance and Mitigation Administration.

MYTH: The NFIP does not cover flooding that results from hurricanes or the overflow of rivers or tidal waters.

FACT: The NFIP defines covered flooding as a general and temporary condition during which the surface of normally dry land is partially or completely inundated. Two adjacent properties or two or more acres must be affected. Flooding can be caused by any one of the following:

- Overflow of inland or tidal waters.
- Unusual and rapid accumulation or runoff of surface waters from any source, such as heavy rainfall.
- Mudslides or mudflows caused by flooding that are comparable to a river of liquid and flowing mud.
- Collapse or destabilization of land along the lakeshore or other body of water resulting from erosion or the effect of waves.
- Water currents exceeding normal, cyclical levels.

MYTH: Wind-driven rain is considered flooding.

FACT: Rain entering through wind-damaged windows, doors, holes in walls or the roof resulting in standing water or puddles is considered windstorm rather than flood damage. Federal flood insurance covers only damage caused by the general condition of flooding as defined above. Buildings that sustain flood damage usually have a watermark showing how high the water rose before it subsided. While flood insurance policies specifically exclude wind and hail coverage, most homeowners' policies include this coverage.

Call your insurance agent and get quotes for different levels of flood insurance coverage, so you can get a level of flood insurance you can afford. To find a provider, call 877-336-2627 or visit floodsmart.gov/flood-insurance/providers.

For the latest information on Hurricane Laura, visit fema.gov/disaster/4559. For the latest information on Hurricane Delta, visit fema.gov/disaster/4570. Follow the FEMA Region 6 Twitter account at twitter.com/FEMARegion6.

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